

TERNA: 1Q13 RESULTS APPROVED

- **Revenues** at 470 million euros (432 million euros in 1Q12, +8.8%)
- **Ebitda** at 381 million euros (340 million euros in 1Q12, +12.1%)
- **Ebitda Margin** at 81.1% (78.7% in 1Q12)
- **Ebit** at 275 million euros (239 million euros in 1Q12, +15.1%)
- **Net profit** at 142 million euros (114 million euros in 1Q12, +24.6%)

Rome, May 14, 2013 – CEO Flavio Cattaneo presented the results of the first quarter of 2013, which were examined and approved by TERNA SpA's Board of Directors that met today chaired by Luigi Roth.

*"The beginning of the year was good despite the general international crisis - stated **Flavio Cattaneo, Terna's CEO**. These results allow us to engage with a more solid commitment in the two major challenges of the developing electricity system: European integration with a central role for Italy's interconnections and the continuous development of infrastructural investments in the Country's fundamental areas. The top priority for Terna and all its team - concluded Cattaneo - continues to be creating value for its shareholders, for Italian citizens and businesses and for all the Country's economic system."*

CONSOLIDATED ECONOMIC RESULTS

Data in million euros	1 st quarter 2013	1 st quarter 2012	Change %
Revenues	470	432	+8.8%
Ebitda (Gross Operating Margin)	381	340	+12.1%
Ebit (Operating profit)	275	239	+15.1%
Profit before taxes	257	208	+23.6%
Net profit for the period	142	114	+24.6%

SUMMARY OF THE FIRST QUARTER 2013 CONSOLIDATED RESULTS

Revenue for the first quarter of 2013, equal to 470 million euros, registered an increase of 38 million euros (+8.8% compared to 432 million euros in the first quarter of 2012). This increase was mainly due to higher Grid Transmission Fees equal to +39 million euros.

Operating costs, equal to 89 million euros, registered a reduction of 3 million euros essentially owing to lower costs for external resources.

Ebitda (Gross Operating Margin) stood at 381 million euros, increasing by 41 million euros (+12.1%) compared to the first quarter of 2012 and the **Ebitda margin** increased to 81.1%, rising from 78.7% in the same period in 2012.

Amortization and Depreciation for the period rose by 5.0 million euros compared to the same period in 2012, mainly due to the entrance into operation of new plants.

Ebit (Operating Profit), after having registered amortization and depreciation for 106 million euros, stood at 275 million euros, increasing by 36 million euros (+15.1%) compared to the first three months in 2012.

Net financial expenses for the period, equal to 18 million euros, registered a 13 million euro reduction compared to 31 million euros in the same period in 2012, essentially attributable to the effects of interest rates reduction.

Profit before taxes stood at 257 million euros, increasing by 49 million euros compared to the same period in 2012 (+23.6%).

Income taxes for the period were equal to 115 million euros, rising by 21 million euros (+22.3%) mainly owing to the effect of higher profit before taxes. The tax rate was equal to 45%, in line with the one in the first three months of 2012.

Net profit for the period, therefore, stood at 142 million euros, increasing by 24.6% compared to 114 million euros in the first quarter of 2012.

The consolidated statement of financial positions as of March 31, 2013 registered a **Net Shareholders' Equity** equal to 2,943 million euros compared to 2,788 million euros as of December 31, 2012.

Total investments of the Group in the period were equal to 206 million euros vs. 246 million euros (-16%) in the same period last year, due to a different investment trend compared to the last year.

Net financial debt stood at 5,924 million euros, increasing by 69 million euros compared to December 31, 2012 as a difference between a positive cash flow generation, equal to 137 million euros, more than offset by 206 million euros of investments.

Group Headcount, as of the end of March 2013, equaled 3,468, increasing by 32 employees compared to December 31, 2012.

Progress in main projects

The **main projects** during the January-March 2013 period have highlighted:

- **Work in progress** regarding the Sorgente-Rizziconi power line (24 million euros): the submarine cables and optical fiber have been placed; protection measures are being implemented for the second three-phase power lines), while excavation activities are proceeding for the well on the Sicilian side and for the tunnel on the Favazzina side.
- **Work in progress** for implementing the Trino-Lacchiarella power line (16 million euros): during the first three months of the year, the two modifications on the existing interfering power lines and the foundations for the six "Rosental" pylons that will be installed on the power line were completed.
- **Building the new power line** Foggia-Benevento II (16 million euros): foundations are being built, bases are being assembled as well as the tall parts of the pylons.
- **Work in progress** for building the new Dolo-Camin power line (7 million euros): executive planning activities and the procurement of materials are underway for the power stations in Fusina, Malcontenta and Romea and the acquiring of the areas in order to open the building sites within this year.

A conference call will be held at 12:30 pm to illustrate the results of the first quarter of 2013 to financial analysts and institutional investors. Journalists can also be connected in listen only mode. The support material for the conference call will be available on Borsa Italiana S.p.A.'s website (www.borsaitaliana.it) and on Terna's website (www.terna.it), in the Investor Relations/Presentations section, concomitantly with the beginning of the conference call itself. In the same section it will also be possible to follow the presentation through audio webcasting.

The reclassified Income Statement, Statement of financial position and Statement of Cash flow of the TERNA Group are attached. It is highlighted that, in compliance with Directive no. DME/9081707 of September 16, 2009, these charts are included in the Terna Group's Interim financial Report as of March 31, 2013.

TERNA drafted the Interim financial Report as of March 31, 2013 in compliance with the provisions stated in art. 154-ter of Legislative Decree 58/98 (Consolidated Law on Finance) and with Consob Directive no. DEM/8041082 dated April 30, 2008.

The Interim financial Report as of March 31, 2013, not subject to auditing, will be deposited and made available to the public, according to law provisions, at Terna's headoffice and at the market management company Borsa Italiana S.p.A. (www.borsaitaliana.it) and will be available on Terna's website at www.terna.it. The mandatory notice regarding documentation deposited will be issued accordingly.

The manager responsible for preparing the company's financial reports, Mr. Luciano Di Bacco, declares pursuant to paragraph 2 of Article. 154-bis of the Consolidated Law on Finance (TUF), that the accounting information included in this press release corresponds to the document results, books and accounting records.

In this release some "alternative performance indicators" are used (Ebitda, Ebitda margin and Net financial debt), the meaning and content of which are illustrated below and are in line with CESR/05-178b recommendation published on November 3, 2005:

- Ebitda (gross operating margin): represents an operating performance indicator; it is calculated by adding the operating profit (EBIT) to amortizations;
- Ebitda margin: represents an operating performance indicator: it derives from the ratio between the Gross Operating Margin (Ebitda) and revenues;
- Net financial debt: represents an indicator of the company's financial structure: it is determined as the result of short and long term financial debt and of related derivative instruments, net of cash and cash equivalents and of financial assets.

Terna Group's Reclassified Income Statement

<i>million euros</i>	January 1 - March 31			
	2013	2012	Change	%
Revenues:				
- Grid Transmission Fees (1)	423	384	39	10.2%
- Other energy items (1)	34	33	1	3.0%
- Other revenues and income (2)	13	15	-2	-13.3%
Total revenues	470	432	38	8.8%
Operating costs:				
- Personnel expenses	53	52	1	1.9%
- Services and leases and rentals	28	33	-5	-15.2%
- Materials	3	3	0	0.0%
- Other expenses	5	4	1	25.0%
Total operating costs	89	92	-3	-3.3%
GROSS OPERATING MARGIN	381	340	41	12.1%
Amortization/Depreciation	106	101	5	5.0%
OPERATING PROFIT	275	239	36	15.1%
- Net financial income (expense) (3)	-18	-31	13	-41.9%
PROFIT BEFORE TAXES	257	208	49	23.6%
- Income taxes for the period	115	94	21	22.3%
NET PROFIT FOR THE PERIOD	142	114	28	24.6%
<i>-Attributable to the Shareholders of the Group</i>	142	114	28	24.6%

In the Consolidated Statement of Financial Position (attached to the Interim financial Report of the Terna Group as of March 31, 2013):

- (1) The balance is included in "Revenues from sales and services"
- (2) Corresponds to the item "Revenues from sales and services" for the value of "Other sales and services" (5 million euros) and to the item "Other revenues and income" (8 million euros);
- (3) Corresponds to the balance of items under points 1, 2 and 3 letter C-"Financial income/charges".

Terna Group's Reclassified Statement of financial position

million euros	As of 31.03.2013	As of 31.12.2012	Change
Net non-current assets			
- Intangible assets and goodwill	464	471	-7
- Property, plant and equipment	9,448	9,342	106
- Financial assets (1)	84	81	3
Total	9,996	9,894	102
Net working capital			
- Trade receivables (2)	729	744	-15
- Inventories	7	7	-
- Other assets (3)	51	32	19
- Trade payables (4)	575	712	-137
- Net liabilities from energy pass-through expenses (5)	273	440	-167
- Net tax liabilities (6)	237	36	201
- Other liabilities (7)	356	366	-10
Total	-654	-771	117
Gross invested capital	9,342	9,123	219
Sundry provisions (8)	475	480	-5
NET INVESTED CAPITAL	8,867	8,643	224
Equity attributable to owners of the Parent	2,943	2,788	155
Net financial debt (9)	5,924	5,855	69
TOTAL	8,867	8,643	224

In the consolidated statement of financial position, (Attachment II of the Interim financial Report of the Terna Group as of March 31, 2013) these correspond to:

- (1) The items "Equity-accounted investees" and "Other non-current assets";
- (2) The item "Trade receivables" net of the value of receivables from energy pass-through revenues (928 million euros);
- (3) The item "Other current assets" net of other tax receivables (15 million euros) and the item "Current financial assets";
- (4) The item "Trade payables" net of the value of liabilities from energy pass-through expenses (1,201 million euros);
- (5) The items "Trade receivables" for the value of receivables from energy pass-through revenues (928 million euros) and "Trade payables" for the value of liabilities from energy pass-through expenses (1,201 million euros);
- (6) The items "Tax assets", "Other current assets" for the value of other tax receivables (15 million euros), "Other current liabilities" for the value of other tax payables (47 million euros) and "Income tax liabilities";
- (7) The items "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (185 million euros);
- (8) The items "Employee benefits", "Provisions for future risks and charges" and "Deferred tax liabilities";
- (9) The items "Long-term loans", "Current portion of long-term loans", "Non-current financial liabilities", "Cash and cash equivalents", "Non-current financial assets".

Terna Group's Cash Flow*

<i>million euros</i>	<i>Cash flow first three months 2013</i>	<i>Cash flow first three months 2012</i>
Opening cash and cash equivalents	2,510	1,115
- - Net profit for the period	142	114
- Amortization and Depreciation	106	101
- Net change in provisions	-5	-14
- Net losses (gains) on asset disposal	-	-1
Operating cash flow	243	200
- Change in net working capital	-117	-103
Cash Flow from operating activities	126	97
Investments		
- Total investments	-206	-246
- Other changes in intangible assets	1	2
- Changes in equity investments	-3	-1
Total cash flow from (to) investing activities	-208	-245
- Change in loans	-28	1,395
- Other changes in in equity attributable to owners of the Parent	13	-2
Total cash flow from (to) financial activities	-15	1,393
Total cash flow for the period	-97	1,245
Closing cash and cash equivalents	2,413	2,360

* For the reconciliation with the consolidated accounting statements, reference is made to the paragraph "Economic and Financial Management of the Terna Group" included in the Interim financial Report of the Terna Group as of March 31, 2013.